

FIRST REGULAR SESSION

HOUSE BILL NO. 788

95TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE CORCORAN.

1872L.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal section 66.620, RSMo, and to enact in lieu thereof one new section relating to distribution of county sales tax funds.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Section 66.620, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 66.620, to read as follows:

66.620. 1. All county sales taxes collected by the director of revenue under sections 66.600 to 66.630 on behalf of any county, less one percent for cost of collection which shall be deposited in the state's general revenue fund after payment of premiums for surety bonds as provided in section 32.087, RSMo, shall be deposited in a special trust fund, which is hereby created, to be known as the "County Sales Tax Trust Fund". The moneys in the county sales tax trust fund shall not be deemed to be state funds and shall not be commingled with any funds of the state. The director of revenue shall keep accurate records of the amount of money in the trust fund which was collected in each county imposing a county sales tax, and the records shall be open to the inspection of officers of the county and the public. Not later than the tenth day of each month, the director of revenue shall distribute all moneys deposited in the trust fund during the preceding month to the county which levied the tax; such funds shall be deposited with the county treasurer of the county and all expenditures of funds arising from the county sales tax trust fund shall be by an appropriation act to be enacted by the legislative council of the county, and to the cities, towns and villages located wholly or partly within the county which levied the tax in the manner as set forth in sections 66.600 to 66.630.

2. In any county not adopting an additional sales tax and alternate distribution system as provided in section 67.581, RSMo, for the purposes of distributing the county sales tax, the

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

18 county shall be divided into two groups, "Group A" and "Group B". Group A shall consist of
19 all cities, towns and villages which are located wholly or partly within the county which levied
20 the tax and which had a city sales tax in effect under the provisions of sections 94.500 to 94.550,
21 RSMo, on the day prior to the adoption of the county sales tax ordinance, except that beginning
22 January 1, 1980, group A shall consist of all cities, towns and villages which are located wholly
23 or partly within the county which levied the tax and which had a city sales tax approved by the
24 voters of such city under the provisions of sections 94.500 to 94.550, RSMo, on the day prior to
25 the effective date of the county sales tax. For the purposes of determining the location of
26 consummation of sales for distribution of funds to cities, towns and villages in group A, the
27 boundaries of any such city, town or village shall be the boundary of that city, town or village
28 as it existed on March 19, 1984. Group B shall consist of all cities, towns and villages which
29 are located wholly or partly within the county which levied the tax and which did not have a city
30 sales tax in effect under the provisions of sections 94.500 to 94.550, RSMo, on the day prior to
31 the adoption of the county sales tax ordinance, and shall also include all unincorporated areas
32 of the county which levied the tax; except that, beginning January 1, 1980, group B shall consist
33 of all cities, towns and villages which are located wholly or partly within the county which levied
34 the tax and which did not have a city sales tax approved by the voters of such city under the
35 provisions of sections 94.500 to 94.550, RSMo, on the day prior to the effective date of the
36 county sales tax and shall also include all unincorporated areas of the county which levied the
37 tax.

38 3. Until January 1, 1994, the director of revenue shall distribute to the cities, towns and
39 villages in group A the taxes based on the location in which the sales were deemed consummated
40 under section 66.630 and subsection 12 of section 32.087, RSMo. Except for distribution
41 governed by section 66.630, after deducting the distribution to the cities, towns and villages in
42 group A, the director of revenue shall distribute the remaining funds in the county sales tax trust
43 fund to the cities, towns and villages and the county in group B as follows: To the county which
44 levied the tax, a percentage of the distributable revenue equal to the percentage ratio that the
45 population of the unincorporated areas of the county bears to the total population of group B; and
46 to each city, town or village in group B located wholly within the taxing county, a percentage of
47 the distributable revenue equal to the percentage ratio that the population of such city, town or
48 village bears to the total population of group B; and to each city, town or village located partly
49 within the taxing county, a percentage of the distributable revenue equal to the percentage ratio
50 that the population of that part of the city, town or village located within the taxing county bears
51 to the total population of group B.

52 4. From and after January 1, 1994, the director of revenue shall distribute to the cities,
53 towns and villages in group A a portion of the taxes based on the location in which the sales were

54 deemed consummated under section 66.630 and subsection 12 of section 32.087, RSMo, in
55 accordance with the formula described in this subsection. After deducting the distribution to the
56 cities, towns and villages in group A, the director of revenue shall distribute funds in the county
57 sales tax trust fund to the cities, towns and villages and the county in group B as follows: To the
58 county which levied the tax, ten percent multiplied by the percentage of the population of
59 unincorporated county which has been annexed or incorporated since April 1, 1993, multiplied
60 by the total of all sales tax revenues countywide, and a percentage of the remaining distributable
61 revenue equal to the percentage ratio that the population of unincorporated areas of the county
62 bears to the total population of group B; and to each city, town or village in group B located
63 wholly within the taxing county, a percentage of the remaining distributable revenue equal to the
64 percentage ratio that the population of such city, town or village bears to the total population of
65 group B; and to each city, town or village located partly within the taxing county, a percentage
66 of the remaining distributable revenue equal to the percentage ratio that the population of that
67 part of the city, town or village located within the taxing county bears to the total population of
68 group B.

69 5. (1) For purposes of administering the distribution formula of subsection 4 of this
70 section, the revenues arising each year from sales occurring within each group A city, town or
71 village shall be distributed as follows: Until such revenues reach the adjusted county average,
72 as hereinafter defined, there shall be distributed to the city, town or village all of such revenues
73 reduced by the percentage which is equal to ten percent multiplied by the percentage of the
74 population of unincorporated county which has been annexed or incorporated after April 1, 1993;
75 and once revenues exceed the adjusted county average, total revenues shall be shared in
76 accordance with the redistribution formula as defined in this subsection.

77 (2) For purposes of this subsection, the "adjusted county average" is the per capita
78 countywide average of all sales tax distributions during the prior calendar year reduced by the
79 percentage which is equal to ten percent multiplied by the percentage of the population of
80 unincorporated county which has been annexed or incorporated after April 1, 1993; the
81 "redistribution formula" is as follows: During 1994, each group A city, town and village shall
82 receive that portion of the revenues arising from sales occurring within the municipality that
83 remains after deducting therefrom an amount equal to the cumulative sales tax revenues arising
84 from sales within the municipality multiplied by the percentage which is the sum of ten percent
85 multiplied by the percentage of the population of unincorporated county which has been annexed
86 or incorporated after April 1, 1993, and the percentage, if greater than zero, equal to the product
87 of 8.5 multiplied by the logarithm (to base 10) of the product of 0.035 multiplied by the total of
88 cumulative per capita sales taxes arising from sales within the municipality less the adjusted
89 county average. During 1995, each group A city, town and village shall receive that portion of

90 the revenues arising from sales occurring within the municipality that remains after deducting
91 therefrom an amount equal to the cumulative sales tax revenues arising from sales within the
92 municipality multiplied by the percentage which is the sum of ten percent multiplied by the
93 percentage of the population of unincorporated county which has been annexed or incorporated
94 after April 1, 1993, and the percentage, if greater than zero, equal to the product of seventeen
95 multiplied by the logarithm (to base 10) of the product of 0.035 multiplied by the total of
96 cumulative per capita sales taxes arising from sales within the municipality less the adjusted
97 county average. From January 1, 1996, until January 1, 2000, each group A city, town and
98 village shall receive that portion of the revenues arising from sales occurring within the
99 municipality that remains after deducting therefrom an amount equal to the cumulative sales tax
100 revenues arising from sales within the municipality multiplied by the percentage which is the
101 sum of ten percent multiplied by the percentage of the population of unincorporated county
102 which has been annexed or incorporated after April 1, 1993, and the percentage, if greater than
103 zero, equal to the product of 25.5 multiplied by the logarithm (to base 10) of the product of 0.035
104 multiplied by the total of cumulative per capita sales taxes arising from sales within the
105 municipality less the adjusted county average. From and after January 1, 2000, the distribution
106 formula covering the period from January 1, 1996, until January 1, 2000, shall continue to apply,
107 except that the percentage computed for sales arising within the municipalities shall be not less
108 than 7.5 percent for municipalities within which sales tax revenues exceed the adjusted county
109 average, nor less than 12.5 percent for municipalities within which sales tax revenues exceed the
110 adjusted county average by at least twenty-five percent.

111 (3) For purposes of applying the redistribution formula to a municipality which is partly
112 within the county levying the tax, the distribution shall be calculated alternately for the
113 municipality as a whole, except that the factor for annexed portion of the county shall not be
114 applied to the portion of the municipality which is not within the county levying the tax, and for
115 the portion of the municipality within the county levying the tax. Whichever calculation results
116 in the larger distribution to the municipality shall be used.

117 (4) Notwithstanding any other provision of this section, the fifty percent of additional
118 sales taxes as described in section 99.845, RSMo, arising from economic activities within the
119 area of a redevelopment project established after July 12, 1990, pursuant to sections 99.800 to
120 99.865, RSMo, while tax increment financing remains in effect shall be deducted from all
121 calculations of countywide sales taxes, shall be distributed directly to the municipality involved,
122 and shall be disregarded in calculating the amounts distributed or distributable to the
123 municipality. Further, any agreement, contract or covenant entered into prior to July 12, 1990,
124 between a municipality and any other political subdivision which provides for an appropriation
125 of incremental sales tax revenues to the special allocation fund of a tax increment financing

126 project while tax increment financing remains in effect shall continue to be in full force and
127 effect and the sales taxes so appropriated shall be deducted from all calculations of countywide
128 sales taxes, shall be distributed directly to the municipality involved, and shall be disregarded
129 in calculating the amounts distributed or distributable to the municipality. In addition, and
130 notwithstanding any other provision of this chapter to the contrary, economic development funds
131 shall be distributed in full to the municipality in which the sales producing them were deemed
132 consummated. Additionally, economic development funds shall be deducted from all
133 calculations of countywide sales taxes and shall be disregarded in calculating the amounts
134 distributed or distributable to the municipality. As used in this subdivision, the term "economic
135 development funds" means the amount of sales tax revenue generated in any fiscal year by
136 projects authorized pursuant to chapter 99, RSMo, or chapter 100, RSMo, in connection with
137 which such sales tax revenue was pledged as security for, or was guaranteed by a developer to
138 be sufficient to pay, outstanding obligations under any agreement authorized by chapter 100,
139 RSMo, entered into or adopted prior to September 1, 1993, between a municipality and another
140 public body. The cumulative amount of economic development funds allowed under this
141 provision shall not exceed the total amount necessary to amortize the obligations involved.

142 6. If the qualified voters of any city, town or village vote to change or alter its boundaries
143 by annexing any unincorporated territory included in group B or if the qualified voters of one or
144 more city, town or village in group A and the qualified voters of one or more city, town or village
145 in group B vote to consolidate, the area annexed or the area consolidated which had been a part
146 of group B shall remain a part of group B after annexation or consolidation. After the effective
147 date of the annexation or consolidation, the annexing or consolidated city, town or village shall
148 receive a percentage of the group B distributable revenue equal to the percentage ratio that the
149 population of the annexed or consolidated area bears to the total population of group B and such
150 annexed area shall not be classified as unincorporated area for determination of the percentage
151 allocable to the county. If the qualified voters of any two or more cities, towns or villages in
152 group A each vote to consolidate such cities, towns or villages, then such consolidated cities,
153 towns or villages shall remain a part of group A. For the purpose of sections 66.600 to 66.630,
154 population shall be as determined by the last federal decennial census or the latest census that
155 determines the total population of the county and all political subdivisions therein. For the
156 purpose of calculating the adjustment based on the percentage of unincorporated county
157 population which is annexed after April 1, 1993, the accumulated percentage immediately before
158 each census shall be used as the new percentage base after such census. After any annexation,
159 incorporation or other municipal boundary change affecting the unincorporated area of the
160 county, the chief elected official of the county shall certify the new population of the
161 unincorporated area of the county and the percentage of the population which has been annexed

162 or incorporated since April 1, 1993, to the director of revenue. After the adoption of the county
163 sales tax ordinance, any city, town or village in group A may by adoption of an ordinance by its
164 governing body cease to be a part of group A and become a part of group B. Within ten days
165 after the adoption of the ordinance transferring the city, town or village from one group to the
166 other, the clerk of the transferring city, town or village shall forward to the director of revenue,
167 by registered mail, a certified copy of the ordinance. Distribution to such city as a part of its
168 former group shall cease and as a part of its new group shall begin on the first day of January of
169 the year following notification to the director of revenue, provided such notification is received
170 by the director of revenue on or before the first day of July of the year in which the transferring
171 ordinance is adopted. If such notification is received by the director of revenue after the first day
172 of July of the year in which the transferring ordinance is adopted, then distribution to such city
173 as a part of its former group shall cease and as a part of its new group shall begin the first day
174 of July of the year following such notification to the director of revenue. Once a group A city,
175 town or village becomes a part of group B, such city may not transfer back to group A, **except**
176 **that any group A city with at least twelve thousand but fewer than fourteen thousand one**
177 **inhabitants and with a boundary that is adjacent to an airport may become part of group**
178 **B and revert back to group A upon forwarding to the director of the department of**
179 **revenue, by registered mail, a certified copy of the ordinance transferring the city from one**
180 **group to the other. Distribution to such city as part of the former group shall cease, and**
181 **distribution as part of the city's new group shall begin, on the first day of the first full**
182 **calendar quarter after the director of revenue receives notice of such change if the director**
183 **receives such notice on or before the first day of the preceding calendar quarter.**

184 7. If any city, town or village shall hereafter change or alter its boundaries, the city clerk
185 of the municipality shall forward to the director of revenue, by registered mail, a certified copy
186 of the ordinance adding or detaching territory from the municipality. The ordinance shall reflect
187 the effective date thereof, and shall be accompanied by a map of the municipality clearly
188 showing the territory added thereto or detached therefrom. Upon receipt of the ordinance and
189 map, the tax imposed by sections 66.600 to 66.630 shall be redistributed and allocated in
190 accordance with the provisions of this section on the effective date of the change of the
191 municipal boundary so that the proper percentage of group B distributable revenue is allocated
192 to the municipality in proportion to any annexed territory. If any area of the unincorporated
193 county elects to incorporate subsequent to the effective date of the county sales tax as set forth
194 in sections 66.600 to 66.630, the newly incorporated municipality shall remain a part of group
195 B. The city clerk of such newly incorporated municipality shall forward to the director of
196 revenue, by registered mail, a certified copy of the incorporation election returns and a map of
197 the municipality clearly showing the boundaries thereof. The certified copy of the incorporation

198 election returns shall reflect the effective date of the incorporation. Upon receipt of the
199 incorporation election returns and map, the tax imposed by sections 66.600 to 66.630 shall be
200 distributed and allocated in accordance with the provisions of this section on the effective date
201 of the incorporation.

202 8. The director of revenue may authorize the state treasurer to make refunds from the
203 amounts in the trust fund and credited to any county for erroneous payments and overpayments
204 made, and may redeem dishonored checks and drafts deposited to the credit of such counties.
205 If any county abolishes the tax, the county shall notify the director of revenue of the action at
206 least ninety days prior to the effective date of the repeal and the director of revenue may order
207 retention in the trust fund, for a period of one year, of two percent of the amount collected after
208 receipt of such notice to cover possible refunds or overpayment of the tax and to redeem
209 dishonored checks and drafts deposited to the credit of such accounts. After one year has elapsed
210 after the effective date of abolition of the tax in such county, the director of revenue shall remit
211 the balance in the account to the county and close the account of that county. The director of
212 revenue shall notify each county of each instance of any amount refunded or any check redeemed
213 from receipts due the county.

214 9. Except as modified in sections 66.600 to 66.630, all provisions of sections 32.085 and
215 32.087, RSMo, shall apply to the tax imposed under sections 66.600 to 66.630.

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